



Date: November 30, 2005

To: Workforce Development Board Executive Directors
Job Service Supervisors
Job Service Directors

From: Connie Colussy, Director
Bureau of Workforce Programs

Subject: **Revised Workforce Investment Act (WIA) Policy Update 04-07 – Supplemental Employment Data**

Purpose

This provides guidance to Workforce Development Boards (WDBs), Job Service and Trade Adjustment Assistance (TAA) program directors regarding the use of supplemental employment data for Workforce Investment Act (WIA) Title I, WIA Title 3 and TAA performance measures.

Legislative/Regulatory References

- Training and Employment Guidance Letter (TEGL) 28-04
- TEGL 7-99
- TEGL 14-00
- Workforce Investment Act 20 CFR §666

Background

The U.S. Department of Labor (U.S. DOL) issued initial instructions (TEGL 7-99) on March 3, 2000, to implement performance measures for the WIA, including the use of supplemental employment data when employment cannot be determined through cross matches with the Unemployment Insurance (UI) Wage Record.

On April 15, 2005, U.S. DOL published TEGL 28-04, which announced the implementation of the U.S. DOL, Employment and Training Administration's Common Measures Policy. The TEGL continues to recognize that not all employment is covered by UI wage reporting requirements, and allows states to report uncovered employment as determined through evidence of supplemental employment data. The new policy also expands the application of supplemental employment data to computing TAA and Wagner Peyser performance measures.

Supplemental employment data has different applications in the calculation of the various measures. If a participant is not found in the UI wage record, supplemental data sources may be used to determine employment status. That individual is included in the calculations for the entered employment, employment retention, and employment and credential attainment measures. For the earnings change measures, if a participant is not found in the UI wage record and other sources are used to verify the individual's earnings and employment status, the individual is excluded from the earnings measure's numerator and denominator.

Wisconsin began collecting supplemental employment data in Program Year (PY) 03 and used the data for the first time in the PY04 WIA Annual Report performance results. During PY04, staff have responded to numerous questions regarding the definition, gathering, reporting and documentation of supplemental employment data. This policy has been updated to respond to these questions.

Policy

In order to most accurately report participants successfully served by WIA Title 1, Title 3 and TAA in the program performance measures, the Department of Workforce Development, Division of Workforce Solutions (DWD/DWS) implemented a process for identifying and reporting supplemental employment data in PY03-04.

WDBs, case managers and program staff are encouraged to obtain and document supplemental employment data for exited program participants who are not found in the UI Wage Record. Supplemental employment data will be applied to applicable U.S. DOL-required performance measures when UI wage record data is not available for a participant and another acceptable source of data can document that the individual is employed.

Such circumstances may include individuals who are:

- a. Self-employed (e.g., agricultural worker, consultant, barber, cosmetologist);
- b. Non-covered employees (e.g., federal employees, such as military, postal service, railroad);
- c. Employed out-of-state (Note: The Wage Record Interchange System [WRIS] may capture this data.)

DWS does not require any local program to obtain supplemental employment data; the decision to obtain and report this information is subject to each local program's discretion and available resources. Gathering this information is labor intensive, and the results do not always guarantee improved performance outcomes. The ideal time to obtain supplemental employment data is during follow-up contact with exited participants. If case managers wait until notified that the data is needed, it may be impossible to get the necessary information, because the participant may have exited as long as two years ago.

Further guidance that details the effect supplemental employment data has on each performance measure is discussed in the Supplemental Employment Data Technical Assistance Guide, which is available on the DWD website at:

http://dwd.wisconsin.gov/dwdwia/PDF/supplemental_data_tag.pdf .

Data sources and documentation

Acceptable supplemental employment data can be obtained through case management, follow-up services, or participant survey activities. It can be factored into the appropriate performance measures if written documentation of that employment is obtained and maintained in the participant's local file. DWS takes advantage of computer records from automated record matching recognized by the U.S. DOL such as the WRIS and the Federal Data Exchange System (FEDES). A survey or telephone response from a participant must be accompanied by a written document, such as a Federal W-2 form, pay stub(s), or 1099 form covering the period(s) called for by the pertinent performance measure(s). For self-employed individuals, written verification from major clients is also acceptable documentation. A survey or telephone response from an employer must include dates of employment, name of the employer or a designated representative, and employer contact information if additional information is needed. Employers do not have to provide details on wages paid.

Federal policy stipulates that supplemental employment data must be reported within 30 days after the individual was found missing in the UI wage record. Supporting documentation must be retained as part of the local participant record. Staff must remember that if supplemental employment data is reported in the first quarter after exit, they are committing a participant to inclusion in the employment retention and earnings change performance measures. This means supplemental employment data should also be obtained in the second and third quarters after exit, unless the participant obtains UI covered employment in those quarters.

Acceptable documentation includes:

1. Participant's W-2 form;
2. Pay check stub;
3. IRS form 1099;
4. IRS form 1040, Schedule C, Profit or Loss from Business (Sole Proprietorship);
5. IRS form 1099-B, Proceeds from Broker & Barter Exchange Transactions;
6. A letter from an employer verifying that the participant was employed during the performance measure reporting quarter(s);
7. Wisconsin form PRA-012, Premier Resort Area Tax Return;
8. Wisconsin form St-12 - Sales and Use Tax Return;
9. IRS 2099, Schedule C-EZ, Net Profit from Business;
10. IRS form 1040, Schedule SE, Self-Employment Tax;
11. Wisconsin form EX-012, Local Exposition Tax Return; or
12. Wisconsin form S-220a, Schedule P, Attachment to Form BCR, Buyer's Claim for Refund of Wisconsin State County and Stadium Sales Taxes.

This list may not be complete. If local staff have any questions about a particular document, they may request an opinion from the Division of Workforce Solutions. If an employer is reluctant to send verification to the case manager because of earnings or wage disclosure concerns, it is acceptable for the employer to omit the earnings or wage information. The data that is needed are the dates of employment, the name of the employer, and contact information should additional questions arise.

ASSET Reporting

In PY04, DWS launched the Supplemental Data report in the Automated Systems Support for Employment and Training (ASSET) system. This report is updated each quarter following the wage record cross match with both UI and the WRIS. DWS has not fully determined the utility of data obtained from FEDES; it had almost no impact on performance in PY04. Case managers should try to obtain employment information during follow up contacts with participants in the first, second and third quarters after exit. After that time, it may be difficult to locate the individual or to obtain the necessary documentation. The following steps detail how the on-line report can be accessed and supplemental employment data is reported:

1. System Reports:
 - a. Select Supplemental Data Report.
2. Select Sort Criteria:
 - a. Participant Name, PIN, Exit Date or Exit Quarter.
 - b. Ascending/Descending Order.
 - c. Job Center.
 - d. Program (WIA Title 1, Title 3 or TAA).
3. Press Submit or Download to obtain complete list.
4. Click on the participant's PIN, which will take you directly to the follow-up summary.

5. Select Follow-Up Status:
 - a. Select the program for which supplemental data is requested.
 - b. Select the appropriate quarter tab(s).
6. Scroll to "For Supplemental Federal Reporting":
 - a. Wages are not a required element.
 - b. Select the appropriate type(s) of employment (out-of-state, self-employment or other).
 - c. Select Supplemental Data Verification Status.

For self-employed customers who provide documentation of their employment in the form of letters from major clients or customers, select "Employer Record" from the Supplemental Data Verification Status dropdown menu.

Note: If the Verification Status field is left blank or "Not Verified" is selected, the supplemental data will not be used. All other responses allow DWS to use the data in performance measure reporting. All reported supplemental employment data will be validated during program monitoring or the data validation process.

7. If case managers cannot enter data due to time limitation edit checks, they may submit a request via the ASSET Staff Request function.

Action Required

This policy is effective July 1, 2005, and applies to any individual who is counted in WIA Title 1, WIA Title 3 and TAA performance measures beginning in Program Year 2004. Failure to properly document supplemental employment data will be addressed through monitoring and corrective action, which may include adjustments to performance measure results and incentive awards.

Questions and Technical Assistance

The attachment provides detail and examples of how the Supplemental Employment Data Policy would be applied to the earnings change measures in various situations.

If you have questions about this policy or its implementation, contact Nancy Bryan at (608) 266-0249, nancy.bryan@dwd.state.wi.us or your local program liaison.

cc: Local Program Liaisons

Attachment

ATTACHMENT
Supplemental Employment Data Policy
Further Details and Implementation Examples

Specific customer employment scenarios and the U.S. DOL National Office answers for each are provided below to illustrate how supplemental employment data affects the Adult Earnings Gain measure. These same criteria also apply to the Older Youth Earnings Change and the Dislocated Worker Earnings Replacement Rate measures.

REMINDER: UI wage records will be the only data source for the Earnings Change Measures. Therefore, individuals whose employment in either the first **OR** third quarter after exit was determined from supplementary sources, and not from UI wage records, are excluded from the measure. The role of the "first OR third quarter" filter plays a key factor in determining the exclusions for the denominator.

#1 Jane Doe: Has no earnings in Quarter (Q)1 and no earnings in Q3.

Answer: May not necessarily be excluded from the denominator. Jane may have appeared in the UI wage file and earned \$0.00 in both quarters. This would be a unique scenario, but the presence of Jane in the UI wage file in Q1 and Q3 after the exit quarter would put her in the measure. Otherwise, if Jane was not found employed in the first quarter after the exit quarter (whether through UI or supplemental), she would definitely be excluded from the measure.

#2 Anne Zee: Has UI earnings in Q1 and no earnings in Q3.

Answer: Include in the denominator.

3 Bob Wye: Has supplemental employment data in Q1, no earnings in Q3.

Answer: Exclude from the numerator and denominator.

#4 Mary Gee: Has UI earnings in Q1 and Q3; no supplemental employment data.

Answer: Include in the numerator and the denominator.

#5 Paul Eff: Has supplemental employment data in Q1 and Q3; no UI earnings.

Answer: Exclude from the numerator and the denominator.

#6 Pam Kay: Has UI earnings in Q1, Q2 and Q3; has supplemental employment data in Q1, Q2 and Q3.

Answer: Include in the denominator. Only the UI earnings are used in the post-program part of the numerator.

#7 Mark Cee: Has UI earnings in Q1, UI earnings in Q2 and supplemental employment data in Q3.

Answer: Individual is excluded from the measure because employment in Q3 was determined through supplemental sources AND Mark was not found employed using the UI wage file.

#8 Phil Enn: Has UI earnings in Q1, supplemental employment data in Q2, and UI earnings in Q3.

Answer: Individual is included in the denominator. Only the Q3 earnings can be used, and the Q2 earnings are effectively \$0.00. It is better for Wisconsin to get the Q3 earnings in the measure, because the individual is in the denominator.

#9 Ali Eye: Has UI earnings in Q1, Q2 and Q3; has supplemental employment data in Q1; no supplemental employment data in Q2 or Q3.

Answer: Individual is included in the denominator. Only the UI earnings are used for the post-program part of the numerator.

#10 Bill Eff: Has UI earnings in Q1, Q2 and Q3; has no supplemental employment data in Q1, has supplemental employment data in Q2, and no supplemental employment data in Q3.

Answer: Individual is included in the denominator. Only the UI earnings are used for the post-program part of the numerator

#11 Judy Ell: Has supplemental employment data in Q1, UI earnings in Q2 and UI earnings in Q3.

Answer: Individual is excluded from the measure because Judy's employment in Q1 was determined through supplemental sources AND Judy was not found employed using the UI wage file in that same quarter.

#12 John Bee: Has supplemental employment data in Q1, supplemental employment data in Q2, and UI earnings in Q3.

Answer: Individual is excluded from the measure because John's employment in Q1 was determined through supplemental sources AND John was not found employed using the UI wage file in that same quarter.

#13 Tom Ewe: Has supplemental employment data in Q1, UI earnings in Q2, and supplemental employment data in Q3.

Answer: Technically, the individual is excluded from the measure because Tom's employment in Q1 was determined through supplemental sources AND Tom was not found employed using the UI wage file in that same quarter.